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DEPARTMENT OF COMMERCE

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

JULIUS KLEIN, Director

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MISCELLANEOUS SERIES—No. 124

---

**FOREIGN CAPITAL INVESTMENTS  
IN RUSSIAN INDUSTRIES  
AND COMMERCE**

By

**LEONARD J. LEWERY**

Assistant Chief, Eastern European and Levantine Division



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UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF ECONOMIC RESEARCH  
INDUSTRIAL INVESTIGATION  
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# C O N T E N T S .

	Page.
Letter of submittal.....	IV
Introduction.....	1
Forms of foreign investment in Russian commerce.....	1
Capital stock.....	2
Bonds and debentures.....	3
Distribution of capital by form of investment.....	3
Foreign investments according to form and nationality.....	4
Foreign investments within Russian Soviet boundaries.....	6
Distribution of foreign capital by field of investment.....	6
Investments in pre-war Russia as a whole.....	6
Investments within Soviet boundaries.....	7
French capital.....	8
Metallurgical industries.....	9
Metal working and machinery.....	10
Coal-mining industry.....	11
Petroleum industry.....	12
Other mining industries.....	13
Interlocking directorates.....	13
Estimates of the French commission.....	13
British capital.....	15
Petroleum industry.....	15
Baku fields.....	15
Emba-Ural fields.....	18
Grozny fields.....	19
Maikop fields.....	20
Cheleken Island and minor fields.....	21
Copper, gold, and silver-lead mining and textile industries.....	22
Belgian capital.....	23
Mining and metallurgical industries.....	25
Mineral, glass, and municipal enterprises.....	26
American capital.....	27
Foreign participation in railroad enterprise.....	28

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## LETTER OF SUBMITTAL.

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DEPARTMENT OF COMMERCE,  
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,  
*Washington, September 1, 1923.*

SIR: Submitted herewith is a résumé of the foreign capital investments in Russian industries and commerce, compiled from Soviet official sources by Leonard J. Lewery, assistant chief of the Eastern European and Levantine division of the bureau.

Various commissions and committees have been formed in all the principal countries to ascertain the extent and nature of the claims of their nationals against Russia. The results of their work, with few exceptions, have not been published in extenso up to the present time. So far as they have been published, there is sufficient agreement with the results of the Russian investigation to give considerable degree of confidence in the latter. The bureau, however, is in no position to vouch for the accuracy of the statements herein abstracted.

The details thus assembled have not been published heretofore in English and should prove of interest to American investors, past or prospective.

Respectfully,

JULIUS KLEIN, *Director.*

To Hon. HERBERT HOOVER,  
*Secretary of Commerce.*



# FOREIGN CAPITAL INVESTMENTS IN RUSSIAN INDUSTRIES AND COMMERCE.

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## INTRODUCTION.

The national debts of the former Russian Government are fixed in clear-cut amounts, and the situation in this respect is simple enough of computation. Far more complex is the problem of ascertaining the postwar investments of foreign capital in Russia's private industries, transportation, and financial and municipal enterprises.

Foreign investments in Russia partook of many different forms. The interests of nationals of different countries are frequently found to be so interlaced as to make the task of fixing and delimiting the investments of each country a difficult matter, and this is further complicated by the necessity of separating the confiscated holdings of Russian nationals residing either at home or abroad from those of foreign nationals and of distinguishing between stock capitalization of the enterprises and their bonded indebtedness. The exact determination of the character of ownership and of the mainsprings of control was frequently obscured, under pre-war conditions, by the fact that some given concern, ostensibly operated by Russian nationals, might be controlled by stockholders and directors of another nationality, who were in turn financed by parent organizations or financial institutions of yet another nationality.

Considerable research work on this subject has been carried out by two branches of the Soviet Government, each independently of the other: The Commissariat of Finance, through the Institute of Economic Research (Works of the Institute, Vol. III), and the Council of National Economy, in its periodical publication (National Economics, October, 1922). The first of these goes into great detail in making estimates and in systematizing all the information available regarding the extent and distribution of foreign capital investments in Russia.

The following summary of foreign investments represents an abstract from the material compiled by the Institute of Economic Research, except where otherwise indicated. Investments in Russian railroad enterprise are not covered by the institute and are treated separately. (See p. 28.)

## FORMS OF FOREIGN INVESTMENT IN RUSSIAN COMMERCE.

According to the summary of its investigation published by the Soviet Institute of Economic Research, all foreign capital invested in banking, industrial, and commercial enterprises in pre-war Russia, in the form of stock companies and corporations compelled by law to publish their balance sheets, can be separated into two major divisions of (a) capital stock and (b) bonds or debentures.



## CAPITAL STOCK.

The first division—that of capital stock—can be classified, according to form of participation of foreign capital, into nine groups, as follows:

*Group 1.*—Enterprises incorporated under foreign laws, whose main fields of operations were abroad, but which had branch establishments in Russia.

*Group 2.*—Corporations likewise incorporated abroad, but having their entire capital invested in Russia.

*Group 3.*—Enterprises incorporated under Russian laws, whose stock, in whole or in the major part, was held abroad through holding corporations that were frequently created expressly for the purpose and that commonly bear a title identical with, or one strongly resembling, the title of the Russian corporation.

*Group 4.*—Corporations operating under Russian laws, whose shares were either not listed at all on Russian stock exchanges, or while nominally listed were never quoted, but were quoted or dealt in on foreign exchanges.

*Group 5.*—Corporations organized under Russian laws, whose shares were quoted on both Russian and foreign exchanges.

*Group 6.*—Corporations organized under Russian laws, whose stock was not quoted on foreign exchanges and whose dividends were payable not only in Russia, but also abroad, through foreign financing establishments or foreign branches of Russian banks. The companies under this classification were further characterized by the practice of the original stock certificates of such companies being substituted, at the general meetings of stockholders, by vouchers or scrip of foreign banking establishments, certifying the holding of the original certificates by themselves or by their clients.

*Group 7.*—Russian stock corporations whose entire stock was held by foreign commercial firms or trading houses, by virtue of which they were merely branch institutions of such foreign concerns.

*Group 8.*—Corporations operating under Russian laws, whose stock was not quoted on foreign exchanges. Regarding this group of corporations, there is no definite information relative to the place in which dividends were payable or to the practice of accepting scrip of foreign financing institutions at stockholders' meetings in lieu of the original stock certificates. Nevertheless, foreign ownership to a large extent appeared certain from the personnel of the founders, directors, and stockholders, or from other indications of similar character.

*Group 9.*—Corporations operating under Russian laws, regarding which there are not found any of the above-mentioned characteristics pointing to foreign participation, but in which such participation, nevertheless, undoubtedly existed because it was known that the enterprises were financed through participation of foreign banks in consortiums and syndicates financing such enterprises. Only a limited number of stock corporations, however, were included in that group, and only the minimum estimated amount of foreign capital was shown as invested in them.



## BONDS AND DEBENTURES.

The second division of foreign capital—that of bonds and similar obligations—is classified in six groups:

*Group 1.*—All securities in foreign currency that were sold abroad by corporations operating in Russia under foreign laws.

*Group 2.*—Bonds of corporations operating under Russian law which were sold abroad, either in foreign currency or in Russian gold currency of the old standard (that is, prior to 1897, and when 1 ruble equaled one-tenth of an imperial).<sup>1</sup>

*Group 3.*—Bonds issued by Russian corporations, either in Russian gold rubles of the old standard (one-tenth of an imperial) or in ruble notes secured by gold of new coinage (1 ruble equals one-fifteenth of an imperial), on which the interest was payable abroad through foreign financing institutions or foreign branches of Russian banks.

*Group 4.*—Bonds similar in character to those of Group 3, regarding which there are no definite indications of the interest being paid abroad, but which, nevertheless, were unquestionably sold abroad in whole or to a considerable extent.

*Group 5.*—Foreign loans of corporations whose shares are held exclusively by foreign concerns, which latter had taken up the subscription to such loans.

*Group 6.*—Loans of branch establishments of foreign concerns in Russia, granted by the parent organizations and shown in their balance sheets separately from the operating capital originally allotted to the Russian branch.

## DISTRIBUTION OF CAPITAL BY FORM OF INVESTMENT.

*Statistics based on par value of securities.*—The statistics of foreign investments compiled by the Institute of Economic Research are based on the par value of securities. The report states, however, that the par value of capital stocks and bonds of Russian enterprises held by foreigners does not, as a matter of fact, represent the actual investments of foreign capital in these enterprises. There is a disparity between the face value and the amounts of capital actually paid in. On the one hand, premiums in common stock were distributed gratis, along with the preferred stock of many of the enterprises, and frequently represented a considerable percentage of original stock issues. Again, in many enterprises the capital stock issues were inflated at the time of their flotation, in consequence of the original founders transferring properties to the corporation at a valuation in excess of their real worth. Capitalization was further inflated through the sale of bond issues at a discount.<sup>2</sup>

<sup>1</sup> The "imperial" was the gold coin of the old Russian Empire—equal to 10 rubles until 1897, but since then equal to 15 rubles.

<sup>2</sup> On the other hand, the Soviet Institute of Economic Research does not take into consideration the fact that many foreign concerns operating in Russia had accumulated substantial surplus assets not covered by their stock capitalization but, nevertheless, representing capital investments.

*Amount of investment according to form.*—With these reservations the distribution of foreign capital in Russian enterprises by form of investment is given by the institute, as follows:<sup>3</sup>

Category.	Capital.		Per cent of grand total investments.
	Rubles.	Per cent.	
STOCK OF CORPORATIONS.			
Incorporation under foreign laws:			
Group 1. Russian branches of foreign corporations.....	44,289,000	2.2	2.0
Group 2. Organized solely for Russian business.....	532,278,800	26.8	23.7
Incorporation under Russian laws:			
Group 3. Stock held by foreign holding companies.....	259,962,500	13.0	11.6
Group 4. Stock quoted only abroad.....	141,587,500	7.2	6.3
Group 5. Stock quoted both at home and abroad.....	316,369,200	15.9	14.1
Group 6. Dividends payable both at home and abroad.....	252,800,000	13.0	11.6
Group 7. Stock owned by foreign trading concerns.....	15,700,000	.8	.7
Group 8. Directorate and stockholders largely foreign.....	39,285,000	19.7	17.4
Group 9. Financed by foreign banks.....	27,500,000	1.4	1.2
Total.....	1,986,772,000	100.0	88.6
BONDS.			
Incorporation under foreign laws:			
Group 1. Operating in Russia.....	133,718,000	52.3	6.0
Incorporation under Russian laws:			
Group 2. Bonds sold abroad, payable in foreign currency.....	95,957,300	37.5	4.3
Group 3. Bonds on which interest is payable abroad.....	7,000,000	2.7	.3
Group 4. Other bonds sold abroad.....	5,959,500	2.3	.2
Group 5. Loans to Russian corporations by foreign holding companies.....	6,842,000	2.6	.3
Group 6. Loans of foreign concerns to their Russian branches....	6,725,800	2.6	.3
Total.....	256,202,600	100.0	11.4
Grand total.....	2,242,974,600	.....	100.0

The investments in the form of capital stock in corporations under groups 1 and 2 and the investments in bonds of corporations under groups 1, 2, 5, and 6 are considered as foreign investments to the full extent. In the case of capital stock investments in groups 3, 4, 5, 6, 7, 8, and 9 and of investments in the bonds of corporations in groups 3 and 4, for the majority of enterprises, only that part of the capital actually held or controlled abroad is entered in the table. It must be borne in mind, therefore, that the actual total stock and bond issues of these latter enterprises were considerably in excess of the sums shown under the groups enumerated above.

#### FOREIGN INVESTMENTS ACCORDING TO FORM AND NATIONALITY.

The following table classifies the investments under each form according to the nationality of the foreign capital and shows the extent to which each country participated in the foreign-capital enterprises, in pre-war Russia as a whole, both in total amounts and in percentage of the grand total.

<sup>3</sup> The "ruble," wherever used as a measure of value in the tables or text that follow, is the Russian gold ruble, having a par value of \$0.5143.



## FOREIGN CAPITAL INVESTMENTS IN RUSSIA.

5

[In Russian gold rubles: 1 ruble=\$0.5146.]

Category.	French.	British.	German.	Belgian.	American.	Dutch.	Swiss.
<b>CAPITAL STOCK.</b>							
Incorporation abroad:							
Group 1.....	4,750,000	5,000,000	20,726,500	10,500,000	1,500,000	.....	.....
Group 2.....	156,478,500	152,913,300	20,745,500	114,572,700	60,450,000	1,770,300	13,241,700
Incorporation in Russia:							
Group 3.....	5,750,000	133,200,000	46,900,000	7,612,500	50,500,000	9,000,000	.....
Group 4.....	67,187,500	.....	44,000,000	30,400,000	.....	.....	.....
Group 5.....	220,369,200	10,000,000	79,000,000	7,000,000	.....	.....	.....
Group 6.....	90,340,000	31,200,000	68,585,000	33,800,000	1,200,000	10,100,000	18,475,000
Group 7.....	.....	15,700,000	.....	.....	.....	.....	.....
Group 8.....	90,700,000	97,730,000	118,800,000	30,775,000	4,100,000	15,400,000	1,450,000
Group 9.....	8,500,000	13,000,000	6,000,000	.....	.....	.....	.....
Total.....	644,075,200	463,743,300	404,757,000	234,660,200	117,750,000	36,270,300	33,166,700
<b>BONDS.</b>							
Incorporation abroad:							
Group 1.....	48,614,600	25,907,600	3,052,400	55,957,000	.....	186,400	.....
Incorporation in Russia:							
Group 2.....	32,057,600	6,447,600	26,154,800	30,984,900	.....	.....	312,400
Group 3.....	7,000,000	.....	.....	.....	.....	.....	.....
Group 4.....	.....	730,500	5,229,000	.....	.....	.....	.....
Group 5.....	.....	6,842,000	.....	.....	.....	.....	.....
Group 6.....	.....	3,808,800	2,400,100	.....	.....	.....	.....
Total.....	87,672,200	43,736,500	36,836,300	86,941,900	.....	186,400	312,400
Grand total.....	731,747,400	507,479,800	441,593,300	321,602,100	117,750,000	36,456,700	33,479,100
Per cent of grand total.	32.6	22.6	19.7	14.3	5.2	1.6	1.5

Category.	Swedish.	Danish.	Austrian.	Italian.	Norwegian.	Finnish.	Total, all countries.
<b>CAPITAL STOCK.</b>							
Incorporation abroad:							
Group 1.....	400,000	.....	850,000	562,500	.....	.....	44,289,000
Group 2.....	8,342,300	3,520,800	.....	243,700	.....	.....	532,278,800
Incorporation in Russia:							
Group 3.....	.....	.....	.....	.....	.....	2,000,000	259,962,500
Group 4.....	.....	.....	.....	.....	.....	.....	141,587,500
Group 5.....	.....	.....	.....	.....	.....	.....	316,369,200
Group 6.....	.....	300,000	4,400,000	400,000	.....	.....	258,800,000
Group 7.....	.....	.....	.....	.....	.....	.....	15,700,000
Group 8.....	15,030,900	10,400,000	2,300,000	1,300,000	2,300,000	.....	390,285,000
Group 9.....	.....	.....	.....	.....	.....	.....	27,500,000
Total.....	23,772,300	14,220,800	7,550,000	2,506,200	2,300,000	2,000,000	1,986,772,000
<b>BONDS.</b>							
Incorporation abroad:							
Group 1.....	.....	.....	.....	.....	.....	.....	133,718,000
Incorporation in Russia:							
Group 2.....	.....	.....	.....	.....	.....	.....	95,957,300
Group 3.....	.....	.....	.....	.....	.....	.....	7,000,000
Group 4.....	.....	.....	.....	.....	.....	.....	5,959,500
Group 5.....	.....	.....	.....	.....	.....	.....	6,842,000
Group 6.....	.....	516,900	.....	.....	.....	.....	6,725,800
Total.....	.....	516,900	.....	.....	.....	.....	256,202,600
Grand total.....	23,772,300	14,737,700	7,550,000	2,506,200	2,300,000	2,000,000	2,242,974,600
Per cent of grand total.	1.1	0.7	0.4	0.1	0.1	0.1	100.0

The allied powers and the United States are represented in the preceding totals to the extent of about 75 per cent, German and Austrian capital to about 20 per cent, and neutral countries to about 5 per cent.

## FOREIGN INVESTMENTS WITHIN RUSSIAN SOVIET BOUNDARIES.

Not all of the capital investments included in the above table were in territory ruled by the Soviet Government. A number of enterprises included in the list are now beyond the boundaries of Soviet Russia—that is, in Finland, Poland, Esthonia, Lithuania, Latvia, or Bessarabia. These enterprises, which escaped expropriation, represented a capitalization of 235,668,400 rubles.

Excluding investments in all such enterprises, the following statement shows the actual distribution of pre-war foreign investments in Soviet Russia, practically all of which have been expropriated:

	Rubles.		Rubles.
French.....	648,089,700	Danish.....	14,537,700
British.....	500,564,400	Austrian.....	5,900,000
German.....	317,475,700	Norwegian.....	2,300,000
Belgian.....	311,812,400	Italian.....	2,106,200
American.....	117,750,000	Finnish.....	2,000,000
Dutch.....	36,456,700		
Swiss.....	31,666,700	Total.....	2,007,306,200
Swedish.....	16,646,700		

Of the total foreign investments in Russia within present Soviet boundaries, French and English capital represent 57.2 per cent and that of all the allied and associated countries 78.7 per cent; capital from German and Austrian territory, 16.1 per cent; and from neutral nations, 5.2 per cent. The proportionately lower share of German investments shown in this table is explained by the fact that a considerable proportion of them were in Poland and the Baltic Succession States.

## DISTRIBUTION OF FOREIGN CAPITAL BY FIELD OF INVESTMENT

## INVESTMENTS IN PRE-WAR RUSSIA AS A WHOLE.

According to the institute, foreign investments in Russia were distributed among the following classes of commercial enterprises in the order of their importance:

	Rubles.
Mining and metallurgical industries.....	834,321,000
Machinery and metal working.....	392,709,400
Municipal public-service corporations, urban real estate, etc.....	259,430,800
Financial institutions.....	237,200,000
Textile industry.....	192,493,900
Chemical industry.....	83,593,200
Trading establishments.....	80,715,200
Foodstuffs manufacture (including tobacco, beverages, etc.).....	37,330,600
Paper and printing arts.....	31,404,800
Transportation (including rolling stock).....	26,650,000
Sawmills and woodworking industry.....	25,736,500
Clay, cement, and glass products.....	18,239,200
Animal-products industry.....	14,450,000
Insurance.....	8,700,000
Total.....	2,242,974,600

It will be seen from the above that 54.7 per cent of foreign capital was invested in the mining and machinery industries. The distribution of these investments is classified below in detail.



Mining and metallurgical:	Rubles.
Steel works with blast furnaces.....	268,747,200
Petroleum industry.....	253,520,100
Coal mining.....	159,951,600
Copper mining and smelting.....	60,914,000
Gold mining and refining.....	41,792,500
Silver-lead and zinc industry.....	32,400,000
Platinum industry.....	9,305,600
Iron-ore mining.....	4,700,000
Quarries.....	1,044,200
Salt industry.....	983,000
Manganese industry.....	962,700
<b>Total.....</b>	<b>834,321,000</b>

Machinery and metal working:	
Machinery works.....	81,845,500
Agricultural machinery.....	81,128,200
Steel mills and metal-working factories.....	45,152,400
Electrotechnical and mechanical works.....	42,353,000
Copper-rolling mills and cartridge factories.....	39,850,000
Factories for metal specialties.....	34,983,000
Locomotive works.....	22,204,200
Car-building works.....	14,950,300
Foundries.....	14,550,000
Wire-drawing mills and nail factories.....	10,792,800
Narrow-gauge-railroad equipment works, including rolling stock....	2,900,000
Enamelware factories.....	2,000,000
<b>Total.....</b>	<b>392,709,400</b>

Of the foreign investments in municipal public-service enterprises and the like, the bulk was placed in electric-light and traction companies, as follows:

	Rubles.
Electric-light companies.....	99,627,500
Traction companies.....	50,553,500
Light and traction companies.....	20,490,000
<b>Total.....</b>	<b>170,671,000</b>

#### INVESTMENTS WITHIN SOVIET RUSSIAN BOUNDARIES.

The foregoing tables are supplemented by another, showing the distribution of foreign investments within Russian Soviet boundaries after deducting the capitalization of enterprises located outside the present Soviet Russia.

[In Russian gold rubles; 1 rouble=\$0.5146.]

Field of investment.	French.	British.	German.	Belgian.	American.	Dutch.	Swiss.
Financial institutions.....	113,300,000	25,700,000	72,700,000	2,500,000		9,500,000	
Insurance.....	1,000,000	900,000	3,000,000		1,000,000	500,000	
Transportation (including rolling stock).....	1,500,000	600,000	5,950,000	10,500,000			
Municipal public-service corporations.....	19,955,200	21,390,800	55,244,600	107,597,500		500,000	16,000,000
Mining and metallurgy.....	285,611,800	307,699,100	48,238,000	116,434,200		11,485,100	5,237,500
Metals and machinery.....	134,927,700	28,022,300	74,483,100	45,562,900	60,950,000	100,000	166,700
Textile.....	39,759,300	64,502,200	8,400,000	5,058,000			9,832,500
Paper and printing.....	1,000,000	4,263,100	4,250,000				400,000
Sawmills and woodworking	5,327,500	9,470,000	279,400	638,000		2,071,600	
Clay, cement, and glass products.....	5,064,000		900,000	10,894,200		800,000	
Animal products.....	400,000	9,500,000	2,100,000	1,950,000			
Manufactured foodstuffs, beverages, and tobacco..	5,150,000	18,891,900	9,400,000	738,700			
Chemical products.....	31,594,000	1,375,000	29,703,100	9,939,100	1,200,000	6,000,000	
Trading and commission houses.....	3,500,000	8,250,000	2,827,500		54,600,000	5,500,000	
<b>Total.....</b>	<b>648,089,500</b>	<b>500,564,400</b>	<b>317,475,700</b>	<b>311,812,600</b>	<b>117,750,000</b>	<b>36,456,700</b>	<b>31,666,700</b>



Field of investment.	Swedish.	Danish.	Austrian.	Italian.	Norwegian.	Finnish.	Total, all countries.
Financial institutions.....			1,500,000				225,200,000
Insurance.....					2,300,000		8,700,000
Transportation (including rolling stock).....		8,100,000					26,650,000
Municipal public-service corporations.....	5,483,700	3,000,000					229,171,800
Mining and metallurgy.....				806,200			775,511,900
Metals and machinery.....	6,963,000		2,350,000	1,300,000			354,825,700
Textile.....							127,582,000
Paper and printing.....		2,100,000					12,013,100
Sawmills and woodworking.....	1,200,000						18,986,500
Clay, cement, and glass products.....							17,658,200
Animal products.....							13,950,000
Manufactured foodstuffs, beverages, and tobacco.....			2,050,000				36,230,600
Chemical products.....		300,000					80,111,200
Trading and commission houses.....	3,000,000	1,037,700				2,000,000	80,715,200
Total.....	16,646,700	14,537,700	5,900,000	2,106,200	2,300,000	2,000,000	2,007,306,200

Commercial investments in Russia by principal world powers are further analyzed separately in detail. Care has been taken in each instance to lay stress on the trend of investment of foreign capital that was characteristic of the nationals of the various countries. Thus, British investments in the Russian petroleum industry have been taken up in considerable detail, partly because of the widespread interest in Russian oil but chiefly because British capital found its favorite investment in that particular line of Russia's industries. The same applies to the metal-working and machinery enterprises, with regard to French capital; Belgian capital gravitated especially toward the metallurgical and coal-mining industry, public-service utilities, etc.

No particularized analysis is entered into with regard to German invested capital outside of its classification in the tables preceding because Germany had renounced its claims for pre-war investments in Russia under the terms of the Rapallo treaty of April 16, 1922. Hence any general discussion of the nature of German investments would not be of immediate practical interest.

### FRENCH CAPITAL.

The general participation of French capital in Russian industries and commerce, by form and field of investment, is shown in the following table. The figures cover investments in pre-war Russia as a whole, including the territory now separated as the Baltic States, Russian Poland, and Bessarabia.

Field of investment of French capital.	Enterprises.	Capital.			Per cent of total.
		Stocks.	Bonds.	Total.	
Mining and metallurgical industry.....	55	259,632,700	57,463,400	317,099,300	43.3
Metals and machinery.....	36	144,528,400	13,899,300	158,427,700	21.6
Financial institutions.....	11	113,300,000		113,300,000	15.5
Textile.....	18	47,084,800	9,995,300	57,080,000	7.9
Chemical products.....	15	31,594,000		31,594,000	4.3
Public utilities, real estate, warehousing, building construction.....	15	25,712,400	5,092,500	30,804,900	4.2
Manufactured foodstuffs, beverages, and tobacco.....	10	5,650,000		5,650,000	.8
Timber and woodworking.....	3	5,327,500		5,327,500	.7
Clay, glass, and cement products.....	4	3,845,300	1,218,700	5,064,000	.7
Trading.....	3	3,500,000		3,500,000	.5
Transportation.....	1	1,500,000		1,500,000	.2
Insurance.....	2	1,000,000		1,000,000	.1
Paper and printing.....	1	1,000,000		1,000,000	.1
Animal products.....	1	400,000		400,000	.05
Total.....	175	644,075,100	87,672,200	731,747,400	100.0



## METALLURGICAL INDUSTRIES.

Metallurgical enterprises—chiefly blast furnaces and steel works—occupied first place among French investments in this field, with 16 works and an investment of 139,184,300 rubles out of a total investment of 317,099,300 in 55 mining and metallurgical enterprises, or 19 per cent of total French investments. These metallurgical works were distributed by regions, as follows:

Region of Russia.	Enterprises.	French investments, in rubles.
Southern.....	10	111,896,800
Urals.....	3	14,862,500
Polish.....	2	10,425,000
Moscow.....	1	2,000,000
Total.....	16	139,184,300

*Southern Russia.*—Of the 10 French-controlled metallurgical plants situated in the south, 2 represented French corporations whose combined investment covered 74,499,000 francs (27,937,000 rubles)—(1) Société Anonyme l' Union Russe Minière et Metallurgique, with a total investment of 56,699,000 francs (21,262,000 rubles), of which 27,000,000 were in the form of capital stock and 26,699,000 in the form of bonds; (2) Société Anonyme des Minerals de Fer de Krivoi Rog, with a total investment of 23,128,000 francs (8,673,000 rubles), of which 13,500,000 were capital stock and 9,628,000 were bonds. Belgian capital participated in the first-mentioned concern to the extent of about 3,000,000 rubles.

Another corporation among these 10 was a Belgian company, the Société Anonyme Providence Russe à Marioupol, with a stock capital of 38,993,000 francs (14,600,000 rubles), of which about 10,668,000 francs (4,000,000 rubles) was held by French interests.

The remaining seven concerns of the south were all Russian companies, classified by the institute under two groups: Group 1 covers Russian concerns whose shares were practically all held abroad; Group 2, those whose shares were subjects of trade on both the Russian and Paris exchanges.

[In Russian gold rubles; 1 ruble= \$0.5146, or 2.666 francs.]

Russian metallurgical companies controlled by French.	Total stock capital.	Estimated French capital stock.	Estimated Belgian capital stock.
GROUP 1.			
The Donetz Iron and Steel Works.....	7,687,500	<sup>1</sup> 6,187,500	1,500,000
The Taganrog Steel Works.....	21,000,000	6,000,000	<sup>2</sup> 12,600,000
Russo-Belgian Steel Works.....	20,000,000	5,000,000	<sup>3</sup> 10,000,000
South Russian Dnieper Works.....	15,000,000	4,000,000	6,000,000
Total.....	63,687,500	21,187,500	30,100,000
GROUP 2.			
Briansk Foundry, Rail and Machine Works.....	41,175,000	<sup>4</sup> 24,705,000	1,500,000
The Donetz-Yuriev Steel Works.....	22,100,000	<sup>5</sup> 13,260,000	.....
Nikopol Marioupol Mining and Steel Works.....	15,400,000	4,000,000	3,000,000
Total.....	78,675,000	41,965,000	4,500,000
Grand total.....	142,362,500	63,152,500	34,600,000

<sup>1</sup> To which must be added French-owned bonds to the amount of 4,960,300 rubles.

<sup>2</sup> To this must be added 1,563,000 rubles of outstanding debentures held in Belgium.

<sup>3</sup> To this must be added 9,149,200 rubles of outstanding debentures held in Belgium.

<sup>4</sup> To this must be added French-owned bonds aggregating 6,000,000 rubles.

<sup>5</sup> To this must be added French-owned bonds amounting to 3,849,000 rubles.



*Ural region.*—In the Ural region there was one active French concern, the Société Anonyme des Forges et Aciéries de la Kama, with a stock capital of 18,000,000 francs and debentures to the amount of 4,300,000 francs, all held in France. Besides, large investments of French capital were made in the Russian concern, the Komarov Iron Mining and South Ural Metallurgical Works, capitalized at 3,750,000 rubles. Although the shares of this Russian corporation were not quoted on the Paris Bourse, practically all of its capital was French (3,500,000 rubles). French capital further participated, through the St. Petersburg Commercial Bank, to the extent of 20 per cent of the stock capital of 15,000,000 rubles of the Simsk Metallurgical Works and the First Ural Agricultural Machinery Works.

The extent of influence of French capital in the Russian metallurgical industry is illustrated by the figures of production showing that, in 1913, 2,403,000 long tons of pig iron were produced by those southern works that were financed by French capital, or 78.8 per cent of the entire production of pig iron in the south and 52.6 per cent of the total for all Russia. If to the output of these southern works is added the output of those two works in the Urals, the two in Poland, and the one in the Moscow district that were wholly or in part financed by French capital, their total output of pig iron in 1913 will add to 2,774,000 long tons, or 60.7 per cent of the total for pre-war Russia.

The influence of French capital in Russian metallurgical industry was not, however, confined to production, since the marketing of the output of the entire metallurgical industry in Russia was concentrated in the hands of the trust "Prodameta" (metal sales), in which French capitalists were the controlling factor as principal stockholders. Thus the entire policies of the Russian metallurgical industry were directed by the French interests.

#### METAL WORKING AND MACHINERY.

*Locomotive works.*—The most important lines among metal-working enterprises controlled by French capital were the locomotive and shipbuilding works. All the five locomotive-building works in which French capital was interested were incorporated in Russia. The shares of two of them—The Russian Machine Works "Hartman," capitalized at 9,000,000 rubles, and the Russian Locomotive and Machine Building Co., with a capital of 7,840,000 rubles—were quoted on the Paris Exchange. The amount of French capital invested in these two concerns is estimated at approximately 3,000,000 and 4,704,000 rubles, respectively. The stocks of the three other works, Putilof, Kolomna, and Sormovo, were not quoted in Paris; but French capitalists participated in the financing of these enterprises by taking up the supplementary stock subscriptions floated by these companies and by having their representatives on the respective boards.

In 1913 the five locomotive-building works designated above turned out 527 new engines out of a total of 609 for the whole of Russia, or 86.5 per cent.

*Shipbuilding concerns.*—As for shipbuilding concerns, the Banque de l'Union Parisienne was the chief interest behind the Russo-Baltic Ship and Machine Building Co. and the North Western Metallurgical



Machine and Shipbuilding Works. The Société Générale pour Favoriser le Développement du Commerce et de l'Industrie en France was the backer of the Franco-Russian Works Co. and of the St. Petersburg Metal Works Co. The last-mentioned concern was combined with the Russian Shipbuilding Co., which was financed, together with the Nikopol Works and Shipyards Co., by the St. Petersburg International Commercial Bank. This bank, conjointly with the Banque de l'Union Parisienne, consolidated the interests of all the shipbuilding works. At the same time the St. Petersburg International Commercial Bank financed most of the locomotive works above designated, thus dovetailing the financial interests of the railroad rolling stock and the shipbuilding concerns.

**COAL-MINING INDUSTRY.**

Next to the metallurgical industry, the largest sphere of influence of French capital was found in the coal-mining industry, where there were 21 concerns controlled by French capital, whose total investment of 102,968,100 rubles represented 14.2 per cent of all French capital invested in Russia. Of these 21 enterprises 5 were located in the Dombrova region of Poland, with French interests amounting to 18,812,500 rubles.

Of the 14 coal-mining enterprises operating in the Donetz Basin, in which French capital participated, 4 were French corporations with the following capital investments:

[In gold francs; 1 franc=\$0.193, or 0.375 ruble.]

French corporations operating in Donetz Basin.	Stocks.	Bonds.	Total capital.
Société des Sels Gemmes et Houilles de la Russie Meridionale.	24,000,000	10,500,500	34,500,500
Société Franco-Russe des Houillères de Berestow Krinka.....	12,500,000	10,145,500	22,645,500
Société des Charbonnages de Nikitowka.....	6,000,000	.....	6,000,000
Compagnie des Charbonnages d'Ekatherine.....	6,500,000	.....	6,500,000
Total, in francs.....	49,000,000	20,646,000	69,646,000
Total, in rubles.....	18,379,600	7,744,200	26,123,800

French capital further participated in the Belgian company, Société Anonyme Charbonnages Prokhorov Donetz, capitalized at 8,000,000 francs. Of this amount, about 2,500,000 francs (approximately 938,000 rubles) were held in France.

The following three Russian concerns were virtually owned outright by French interests. Their shares were quoted only on the Paris exchange.

[In Russian gold rubles; 1 ruble=\$0.5146, or 2.666 francs.]

Russian coal-mining concerns owned by French interests.	Total capital.		French participation.	
	Stock.	Bonds.	Stock.	Bonds.
The South Russian Coal Mining Co.....	5,000,000	3,850,000	5,000,000	3,850,000
The Ekatherine Mining Co.....	5,625,000	5,412,000	5,000,000	5,412,000
Russian-Donetz Coal Mining Co.....	12,600,000	3,486,000	12,000,000	3,486,000
Total.....	23,225,000	12,748,000	22,000,000	12,748,000



The shares of four other Russian companies were quoted neither on the Paris nor on the Russian exchanges, but were virtually owned by foreign interests: (1) Golubov-Berestovo-Bogodoukhov Mining Co., with a stock capital of 11,440,000 rubles; (2) Russian Company of Internal Waterways, Highways, and Branch Railways (formerly Markov Collieries), with a capital stock of 2,400,000 rubles; (3) Seleznev Coal Mining and Works Co., capital stock of 4,000,000 rubles; (4) Coal Mining and Metallurgical Society of the Ouspensk Basin, capital stock 4,500,000 rubles.

The stock capital of the first two concerns named above was entirely French owned, that of the third about 80 per cent French owned. In the last concern Belgian interests predominated (see p. 26); only 250,000 rubles of stock were in French hands. The total participation of French capital in these four enterprises amounted to 17,290,000 rubles.

The mining enterprises operating in the Donetz Basin, owned completely or in part by French capital, produced coal in 1915 to the amount of 6,580,800 long tons, or 31 per cent of the entire production in the Donetz Basin. If to these figures is added the output of seven French-controlled metallurgical concerns in the same basin which mined their own coal, the total production of coal in the Donetz Basin by enterprises controlled in whole or in part by French capital amounted to 10,801,300 tons, or 50.9 per cent of the total output of the Basin.

In addition to concerns operating in the Donetz Basin, French capital participated in the Belgian corporation, Société Anonyme Charbonnages de Pobedenko, capitalized at 2,350,000 francs, or 881,250 rubles, of which the French share was estimated at approximately 800,000 francs, or about 300,000 rubles.

The influence of French capital in the coal-mining industry, as in the metallurgical, was not confined to production; marketing of the entire coal output of the Donetz Basin was consolidated in the hands of the sales organization "Produgol" (coal sales), in which the controlling interest belonged to representatives of French capital, as principal stockholders.

#### PETROLEUM INDUSTRY.

The petroleum industry ranked third in the extent of participation of French capital in the mining industry, namely, 51,115,000 rubles. French capital was interested principally in enterprises of the Baku oil fields, incorporated under Russian laws. The stocks of three of these enterprises were quoted on both the Paris and the Petrograd exchange: (1) The Baku Petroleum Co., with a total stock capital of 7,785,500 rubles, in which French interests carried 3,000,000 rubles; (2) The G. M. Lianosov Sons Petroleum Association, having a total stock capital of 30,000,000 rubles, in which French interests controlled 15,000,000 rubles; (3) The Russian Naphtha Corporation, whose entire capital stock covered 33,000,000 rubles, of which the French share was 20,000,000 rubles.

Moreover, the Paris Rothschilds retained about 20 per cent of the stock capital of the Caspian & Black Sea Petroleum & Trading Corporation, the other 80 per cent of the total capital stock of 10,000,000 rubles having been sold to the Anglo-Dutch combine.



French capital participated further to a large extent in the Baku enterprises through the medium of the Société Générale Naphthifère Russe, which is the French designation of the Russian General Oil Corporation (Ltd.)—an English corporation in which French capitalists had invested about 16,000,000 francs, or 6,000,000 rubles. (See p. 16.)

French capital was interested also in the Grozny oil fields, where their interests were confined to three enterprises: (1) Nouvelle Société Anonyme Standard Russe Compagnie de Naphte, capitalized at 2,973,600 francs and operating under French statutes; (2) British Spies Petroleum Co. (Ltd.), in which the French participated; (3) The Grozny Petroleum Corporation, I. A. Achverdov & Co. (Russian), in which French capital participated through the medium of the Belgian company, Société Anonyme Pétroles de Grozny, whose stock was quoted on the Paris exchange and which was the owner of the entire stock capital (8,812,500 rubles) of this Russian company.

#### OTHER MINING INDUSTRIES.

The participation of French capital in other branches of mining industry is represented as follows:

Industry.	Enter-prises.	French interests.	Industry.	Enter-prises.	French interests.
		<i>Rubles.</i>			<i>Rubles.</i>
Copper production.....	1	6,000,000	Lead and zinc production.....	2	3,750,000
Platinum production.....	1	5,000,000	Iron ore production.....	2	2,625,000
Gold production.....	2	4,500,000	Manganese ore production....	1	150,000

#### INTERLOCKING DIRECTORATES.

French capital invested in the mining and metal industries, besides being consolidated within the separate lines of production, such as steel, coal, etc., through the cartel-like sales organizations (Prodameta, Produgol, etc.), was further combined through interlocking directorates, consolidating the interests of the most heterogeneous industries. A diagram is presented by the author of the Soviet report, showing the participation of 11 individuals as directors simultaneously in coal-mining, metallurgical, copper, zinc, and platinum smelting enterprises, each of the persons designated sitting or presiding on the board of at least two of the great concerns, and one being chairman of three concerns and director of two others.

#### ESTIMATES OF THE FRENCH COMMISSION.

The foregoing data from the Soviet institute may be compared with the summary regarding French capital invested in Russian industries and banks, as elaborated by the general commission for the protection of French interests in Russia, under the chairmanship of M. Noulens, in connection with the Genoa conference in the summer of 1922.

The estimates given by it are based on the prices quoted on June 30, 1914, for the various securities issued by the companies. Consequently, it sets forth the total market value instead of par value, expressed in gold francs, of shares, stocks, and bonds issued by French, Russian, Belgian, and British companies, etc., which were reported as belonging to French holders.



Field of investment of French capital.	Gold francs.	Gold rubles.
Ore mining and metallurgical industry.....	845,000,000	316,875,000
Coal and salt mining.....	335,000,000	125,625,000
Gold and platinum mines.....	55,000,000	20,625,000
Oil companies.....	210,000,000	78,750,000
Chemical industries.....	120,000,000	45,000,000
Textile industries.....	160,000,000	60,000,000
Various enterprises.....	225,000,000	84,375,000
Banks.....	550,000,000	206,250,000
Total.....	2,500,000,000	937,500,000

Of the above capitalization, 385,000,000 francs were reported by the commission as within the territory of former Russian Poland. The Russian Institute gives a total of only 222,500,000 francs as invested by French nationals in Russian enterprises outside of the present Soviet territory. The value of securities issued by companies incorporated in France enters into the above total to the amount of 745,000,000 francs.

The total value of French capital invested in Russian coal mines, operated as such or in connection with metallurgical companies, is estimated by the French commission at 330,000,000 francs, while the value of capital invested in metallurgical enterprises proper would be 555,000,000 francs. Of the capital classified under coal and salt mines, 170,000,000 francs were invested in Polish enterprise, leaving 165,000,000 francs invested at present in Soviet Russia; under those designated as "ore mining and metallurgical" enterprises, 125,000,000 francs were invested in Poland, leaving 720,000,000 in Soviet Russia.

*Municipal public-service enterprises.*—A very considerable disparity is found between the French and the Soviet data concerning participation of French capital in Russian municipal enterprises. This is due to the fact that the Soviet figures relate only to private companies. The French position is that loans issued by Russian municipalities did not enjoy the State guaranties. As such are not included in the Russian national debt, they must be regarded, therefore, as private investments. The Russian Soviet authorities show but the small amount of 30,805,000 rubles invested by the French in private municipal enterprise, of which amount almost 75 per cent is shown invested in municipal electric light, power, and traction enterprise, and municipal gas, water, and telephone works—presumably the rest of the investments are taken care of under the head of "Financial institutions."

According to the French commission, although the nominal amount of Russian municipal loans quoted in Paris was 307,670,000 francs, the result of the census taken by the office of private property interests, after deducting the amount of loans issued by Polish municipalities, showed 456,233,500 francs invested in Russian municipalities. The greater part of this difference is explained by the relatively important amount of locally floated municipal loans which had been acquired by French citizens formerly living in Russia.

To sum up: French capital played an especially important part in the Russian metallurgical, coal-mining, and machine-building industries, and, further, in Russian banking and finance; as for all the other industries, there was little active participation of French enterprise, and French interests were confined mainly to scattered individual investments in Russian stocks and securities.



## BRITISH CAPITAL.

The general participation of British capital in Russian industries and commerce, as shown by the Institute of Economic Research, appears in the following table, classified by field of investment:

Field of investment of British capital.	Enter-prises.	Capital invested (in rubles).			
		Stocks.	Bonds.	Total.	Per cent of total.
Mining and metallurgical.....	64	280,170,300	27,528,900	307,699,100	60.7
Textile.....	20	59,810,000	9,907,500	69,717,500	13.7
Metal working and machinery.....	11	27,927,800	94,500	28,022,300	5.5
Financial institutions.....	8	25,700,000	.....	25,700,000	5.1
Public service corporations, real estate, warehouse, and construction.....	6	16,547,400	4,843,400	21,390,800	4.2
Manufactured foodstuffs, beverages, and tobacco.....	10	18,292,800	599,100	18,891,900	3.7
Sawmills and woodworking.....	8	10,670,000	.....	10,670,000	2.1
Animal products.....	3	10,000,000	.....	10,000,000	2.0
Mercantile.....	4	8,250,000	.....	8,250,000	1.6
Paper and printing arts.....	3	3,500,000	763,100	4,263,100	.7
Chemical.....	3	1,375,000	.....	1,375,000	.3
Insurance.....	3	900,000	.....	900,000	.2
Transportation.....	1	600,000	.....	600,000	.1
Total.....	144	463,743,300	43,736,500	507,479,700	100.0

## PETROLEUM INDUSTRY.

The lion's share of British capital invested in mining and metallurgical enterprises in Russia prior to the revolution was held by the petroleum industry—namely, 171,400,000 rubles, or one-third of all British investments in Russia.

British interests were distributed as follows among the principal oil fields:

Baku.....	Rubles. 49,485,000	Ferghana.....	Rubles. 4,716,200
Emba-Ural.....	31,287,600	Chatma.....	1,895,200
Grozny.....	25,549,500	Naftalan.....	238,600
Maikop.....	24,118,500		
Cheleken.....	23,633,700	Total.....	171,424,300
Sakhalin.....	10,500,000		

## BAKU FIELDS.

Four purely British concerns were operating directly in the Baku district, of which three confined their operations to Baku exclusively. The combined capitalization of the three companies reached the sum of £2,096,460 (19,811,700 rubles), distributed as follows:

British companies in Baku fields.	Stocks.		Bonds.		Total investment.	
	Pounds sterling.	Rubles.	Pounds sterling.	Rubles.	Pounds sterling.	Rubles.
Russian Petroleum Co. (Ltd.).....	994,600	9,399,100	276,100	2,609,300	1,270,700	12,008,400
Baku Russian Petroleum Co., 1909 (Ltd.).....	711,360	6,722,400	94,400	891,900	805,760	7,614,300
Russian United Petroleum Co. (Ltd.).....	20,000	189,000	.....	.....	20,000	189,000
Total.....	1,725,960	16,310,500	370,500	3,501,200	2,096,460	19,811,700



The fourth of the British companies above mentioned—the European Oil Fields Corporation (Ltd.)—was also engaged in petroleum enterprise in Rumania and Galicia, and its investment in the Baku oil fields amounted to only 5,000,000 rubles.

Furthermore, there were interested in the Baku district two more purely British companies—the New Schibaeff Petroleum Co. (Ltd.), with a capital of £1,600,000, and the Bibi-Eibat Oil Co., with a capital of £312,600; the latter however, did not operate directly, but through the medium of Russian corporations. The first company owned outright the Russian Mineral, Oil, and Chemical Products Corporation, S. M. Schibaeff & Co., with a stock capital of 6,500,000 rubles and bonds to the amount of 2,360,000 rubles. The second British concern owned a Russian corporation under a similar name, with a capital of 2,500,000 rubles.

Besides these two Russian corporations, which were owned outright by British interests, the latter participated also to a very large extent in two other Russian companies operating in Baku: (1) The Caspian-Black Sea Oil & Trading Co., with a capital of 10,000,000 rubles; (2) The Binagadi Oil & Trading Co., with a capital of 4,000,000 rubles. The British participation in the first of these two concerns was conjointly with Dutch and French interests. Originally the entire stock of the Caspian-Black Sea Oil & Trading Co. was held by the Paris Rothschilds, but in 1912 the major part (over 80 per cent) was acquired by the Anglo-Dutch combine of the Royal Dutch concern and the Shell Transport & Trading Co. (Ltd.). The last-mentioned company held 3,200 shares of the Caspian-Black Sea Oil & Trading Co., to the par value of 3,200,000 rubles; but in view of the participation of British capital in the Royal Dutch group, the interests of British capital, including the indirect participation through the Dutch concern, can be estimated at 4,000,000 rubles. The controlling interest of British capital in the Binagadi Oil & Trading Co. was not less than 3,500,000 rubles.

The participation of British capital in the Baku petroleum industry was not confined to its holdings in the eight companies above designated. The incorporation in London, on June 28, 1912, of the Russian General Oil Corporation (Ltd.), by a group of Russian banks interested in financing the petroleum industry, and several representatives of Russian oil corporations, with the aid of British and French capital, was designed to consolidate the dominating interests of the Baku oil fields. This holding company was capitalized at first at £1,250,000; but on January 16, 1913, the capital was increased by £750,000, and in September of the same year by £500,000 more, the last issue being floated at a rate of 200 per cent and subscribed to by five Russian banks and the Anglo-French bank of O. A. Rosenberg & Co. Assuming that one-half of the capital of this corporation was subscribed by Russian banks and oil industrialists, while the other half was furnished by French and English capitalists, and that the participation of French capital amounted to 16,000,000 francs (6,000,000 rubles), the holdings of British capitalists are estimated at 5,821,500 rubles. According to the Institute of Economic Research, in all probability the actual holdings of British interests considerably exceeded this estimate.

Simultaneously with its last stock-floating operation, the Russian General Oil Corporation (Ltd.) acquired on the Berlin Bourse a great



block of shares of the new issue of the Nobel Bros. Petroleum Corporation, which were entered on that exchange on April 24 of the same year in the amount of about 6,000,000 rubles par value. Without giving to the General Oil Corporation control over the Nobel interests, a strong bond was established between the two groups, creating a community of interests. This was further cemented by the election on June 26, 1915, of A. I. Putilof, chairman of the board of directors of the Russian General Oil Corporation, as a board member of the Nobel concern, and of E. L. Nobel, chairman of the board of the Nobel concern as a board member of the G. M. Lianosof Sons Oil Corporation, capitalized at 30,000,000 rubles—one of the biggest concerns consolidated under the Russian General Oil Corporation.

At the beginning of 1916 the General Oil Corporation controlled 17 Russian corporations (operating under Russian statutes) through majority stock holdings, with an aggregate capitalization of 121,400,000 rubles and a total production of oil in that year of 87,700,000 poods.<sup>4</sup> Their production, with a few minor exceptions, had been steadily declining since 1910, when it totaled 157,000,000 poods. Next in importance came the Shell group, combining eight Russian companies, with a total capitalization in 1914 of 47,700,000 rubles and a production of 92,300,000 poods of oil; and the Nobel group of five companies, capitalized at 40,670,000 rubles and producing, in 1914, 48,600,000 poods of oil. These three major combines controlled three-fourths of the Russian oil trade and 50 per cent of the total Russian production.

Outside of these three major groups, consolidating the leading petroleum enterprises of Russia, there exists in London a financial organization interested in Baku oil—namely, the Oil Fields Finance Corporation, comprising the Russian Petroleum Co. (Ltd.); the Baku Petroleum Co., 1909 (Ltd.); the Russian United Petroleum Co. (Ltd.); the European Oil Fields Corporation (Ltd.); the Bibi-Aybat [or Eibat] Oil Co.; the Amalgamated Russian Petroleum Co.; and the Romany Syndicate. This combination was capitalized altogether at 27,310,000 rubles and accounted for 17,000,000 poods of petroleum output in 1914. It had no organization of its own for the sale of petroleum products in Russia and placed its output in the hands of the Anglo-Dutch combine, which controlled a suitable organization in Russia in the form of the Petroleum and Trading Co. "Mazut" (capital 12,000,000 rubles). The latter concern had no oil fields or refineries of its own, but operated a huge fleet of tankers, tank cars, and a network of storage tanks and reservoirs; its sole business was the storage and transport of and the trading in petroleum products.

Thus the entire Baku petroleum industry was concentrated, through the cementing medium of English capital, in the hands of two cardinal groups—"General Oil" and "Anglo-Dutch"—each of these in its turn representing a combine of two powerful groups. The two cardinal groups were interlinked, partly by a common sales organization and partly by joint participation in the Russian General Oil Corporation (Ltd.) or in the Shell Transport & Trading Co.

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<sup>4</sup>8½ poods = 1 U. S. barrel of 42 gallons; 62 poods = 1 long ton,



The total production of petroleum in 1914 in the four principal oil fields of Baku amounted to 338,000,000 poods, of which quantity 60 per cent was extracted by companies entering the four international combines. In these combines British capital participated to the extent of but 22.3 per cent, in the form of actual investments, but played a dominant part through the control of the junctions and commanding positions where the interests of the various units merged with one another. The extent of British control in the Baku oil fields appears in the following table:

International combine operating in Baku oil fields.	Fully owned by British capital.		With partial British participation.			Total concerns under British control.		
	Total capitalization in 1914.	Oil produced in 1914.	Total capitalization in 1914.	British holdings.	Oil produced in 1914.	Total capitalization in 1914.	British holdings.	Oil produced in 1914.
	<i>Rubles.</i>	<i>Poods.</i>	<i>Rubles.</i>	<i>Rubles.</i>	<i>Poods.</i>	<i>Rubles.</i>	<i>Rubles.</i>	<i>Poods.</i>
Anglo-Dutch.....	{ 6,500,000 12,360,000 }	5,200,000	10,000,000	4,000,000	20,800,000	18,860,000	12,860,000	26,000,000
Nobel group.....	.....	.....	{30,000,000 110,670,000 }	.....	48,600,000	40,670,000	.....	48,600,000
Russian General Oil Corporation.....	.....	.....	{112,780,000 16,780,000 }	.....	87,700,000	119,560,000	.....	107,500,000
British holdings in Russian General Oil and its Nobel absorptions.....	.....	.....	.....	5,810,000	19,800,000	.....	5,810,000	
Oil Fields Finance Corporation.....	{23,810,000 13,500,000 }	17,000,000	.....	.....	.....	27,310,000	27,310,000	17,000,000
Total.....	36,170,000	22,200,000	170,230,000	9,810,000	176,900,000	206,400,000	45,980,000	199,100,000

<sup>1</sup> Bonds.

#### EMBA-URAL FIELDS.

Next to Baku in extent of British participation were the Emba-Ural fields. At the beginning of 1915 two British companies were directly active in this district, while two companies operated through Russian concerns; and, lastly, British capital was heavily invested in two other Russian concerns. The first two companies mentioned above were the West Ural Petroleum Co. (Ltd.), with a capital of £300,000, and the Ural-Emba Oil Fields (Ltd.), with a capital of £102,000. The enterprises of these two concerns were at that time still in the stage of organization. The British companies operating through Russian concerns, whose entire security issues they held, were: (1) The Emba-Caspian Oil Co. (Ltd.), with a capital of £1,140,000, which operated through a Russian company under a similar designation with a capital of 14,000,000 rubles; (2) the Ural-Caspian Oil Corporation (Ltd.), with a capital of £816,666, operating through a Russian concern of similar designation that had a capital of 7,000,000 rubles.

British capital was further invested in the Emba Petroleum & Trading Co. and in the Ural-Caucasus Corporation. The stock capital of the first-named concern was 6,000,000 rubles, in which Nobel Bros. participated to the extent of 42.5 per cent and the Russian Naphtha Co. (controlled by the General Oil Corporation) to the extent of 15



per cent; the rest, comprising 2,550,000 rubles, represented British capital. The stock capital of the Ural-Caucasus Corporation amounted to 8,000,000 rubles and, in addition, this company floated a loan in England covered by debentures to the amount of £988,700. This last-mentioned concern had no oil fields of its own, but held securities of other oil concerns and carried on a trade in casings, oil pipe, machinery, and all kinds of equipment for the petroleum industry, including also construction of reservoirs and other plants, chiefly through the Emba-Ural region.

The output of oil in the Emba-Ural region was distributed among the above-named concerns, as follows:

[In poods; 8½ poods=1 U. S. barrel of 42 gallons.]

British Emba-Ural oil concerns.	1914 output.	1916 output.
Ural-Caspian Oil Corporation.....	9,745,000	8,180,700
Emba Petroleum & Trading Co.....	6,526,000	6,228,700
Emba-Caspian Oil Co.....	383,000	1,137,900
Total.....	16,654,000	15,547,300

The production of oil in the Emba-Ural region was thus to a very large extent controlled by British capital. Of the three concerns mentioned above, the first entered the Anglo-Dutch combine, since all the stock of the British holding company was owned by the Asiatic Petroleum Co. (Ltd.), which represented a division of the Shell Transport & Trading Co. (Ltd.). The Emba Petroleum & Trading Co. was part of the Nobel group, while the last-mentioned Emba-Caspian Oil Co. was closely bound up with the Russian General Oil Corporation through interlocking directorates.

#### GROZNY FIELDS.

Four British companies operated in the Grozny-Terek district, of which one was represented by a Russian concern. The three purely British companies, their capital, and oil output are listed below.

British companies operating in Grozny fields.	Stock capital.	Production of oil.	
		1914	1916
Spies Petroleum Co. (Ltd.).....	£788,360	<i>Poods.</i> <sup>1</sup> 19,100,000	<i>Poods.</i> 9,100,000
North Caucasian Oil Fields Co. (Ltd.).....	750,000	15,500,000	27,800,000
Anglo-Terek Petroleum Co. (Ltd.).....	160,000	.....	.....
Total.....	1,698,360	34,600,000	36,900,000

<sup>1</sup> 8½ poods=1 U. S. barrel of 42 gallons.

The fourth British concern, the Gleboff-Grozny Petroleum Co. (Ltd.), operated through a Russian concern—the Cheleken Daghestan Petroleum Co., with a capital of 1,000,000 rubles—which produced 2,500,000 poods in 1914 and 4,800,000 poods in 1916.

In addition there were three Russian concerns in which British and Dutch capital were jointly interested, as follows:

British-Dutch companies operating in Grozny fields.	Stock capital.	Estimated British interests.	Production of oil.	
			1914	1916
	<i>Rubles.</i>	<i>Rubles.</i>	<i>Poods.</i>	<i>Poods.</i>
Russian Grozny Standard Oil Corporation.....	12,000,000	5,000,000	11,600,000	8,300,000
Grozny Sunja Petroleum Co.....	4,000,000	1,500,000	.....	2,200,000
Moscow Petroleum Co.....	1,200,000	1,000,000	.....	.....
Total.....	17,200,000	7,500,000	11,600,000	10,500,000

The three companies mentioned above, as well as the North Caucasian Oil Fields (Ltd.), were included within the Anglo-Dutch combination through their participation in the Shell Transport & Trading Co. (Ltd.), while the Spies Petroleum Co. (Ltd.) is likewise bound up with the combine through the medium of interlocking directorates.

The total production of oil by all the Grozny concerns in which British capital was interested amounted to 48,700,000 poods in 1914, and to 52,200,000 poods in 1916, or 50 per cent of the entire output of Grozny oil.

#### MAIKOP OIL FIELDS.

According to data published in the Stock Exchange Official Intelligence for 1915 there were in operation at the end of 1914, in the New Maikop fields of the Northern Caucasus on the Black Sea coast, 25 British companies, capitalized at £4,153,000 in all. A majority of these concerns did not succeed in striking any oil and gradually lapsed, so that their investments were lost. At the outbreak of the revolution only 11 of these companies were in operation. They are listed in the following table:

British concerns operating in New Maikop fields in 1917.	Stock capital.	Production of oil.	
		1913	1914
		<i>Poods.</i>	<i>Poods.</i>
London Maikop Oil Corporation (Ltd.).....	£391,200	18,300	.....
Maikop Victory Oil Co. (Ltd.).....	157,500	651,500	216,200
Maikop New Producers (Ltd.).....	236,200	17,200	.....
Maikop Premier Oil Syndicate (Ltd.).....	<sup>1</sup> 84,700	396,200	707,800
Black Sea Oil Fields (Ltd.).....	300,000	1,748,300	901,200
Maikop Combine (Ltd.).....	256,500	414,300	130,400
British Maikop Oil Co. (Ltd.).....	91,000	931,900	564,600
International Russian Oil Fields (Ltd.).....	290,200	27,800	73,800
Maikop Spies Co. (Ltd.).....	220,500	531,700	905,900
Australian Maikop Oil Co. (Ltd.).....	240,200	.....	.....
Levanskoe Petroleum Co. (Ltd.).....	251,000	.....	.....
Total.....	2,519,000	4,737,200	3,499,900

<sup>1</sup> In addition to this stock capital, the company issued debenture bonds to the amount of £33,200.

The London Maikop Oil Corporation, together with the Australian Maikop Oil Co., entered the combine known as the Oil Trust Moreing Barclay. The rest of the companies, with the exception of the International Russian Oil Fields and the Maikop Spies Co., entered the so-called Bishopsgate concern. The International Russian Oil Fields belonged to the McHarvey & Houghton-Mitchell concern, while the Maikop Spies Co. was a branch of the Spies Petroleum Corporation.



The Bishopsgate concern was linked with the Russian General Oil Corporation through the participation of Alfred Hicks on the board of each group.

In 1913 nine of the British companies in Maikop accounted for 99.7 per cent of the entire petroleum production of the Maikop fields, while seven of them produced 88.6 per cent of the 1914 output.

#### CHELEKEN ISLAND AND MINOR FIELDS.

Five British companies were in operation in the Cheleken fields, which were combined into one organization. This combination was linked with the Bishopsgate concern of the Maikop oil companies through the participation of Sir J. S. Harmood Banner on the board of each group. The five British companies were:

	Capital.
Central Cheleken Oil Fields (Ltd.).....	£303, 500
Tcharken Cheleken Oil Co. (Ltd.).....	822, 100
Cheleken Oil Fields (Ltd.).....	293, 800
Gadjinsky Cheleken Oil Co. (Ltd.).....	916, 500
Chagrit Cheleken Oil Co. (Ltd.).....	165, 000
Total.....	2, 500, 900

The total production of oil on Cheleken Island in 1914 amounted to 5,000,000 poods, the above-mentioned British companies accounting for about three-fourths of the total and the rest belonging to the Nobel concern. The Cheleken organization was connected with the Anglo-Dutch combine through interlocking directorates.

In Sakhalin there was one British company, the Sakhalin Oil Fields (Ltd.), which was a member of the Boxell Meisel concern through the Russian company, "Russian Far Eastern Corporation," with a capital of 10,500,000 rubles. The Sakhalin Oil Fields Co. at the outbreak of the war was in the organizing stage, no oil having been produced up to that time, although drilling operations were in progress.

In Ferghana, Turkestan, was the Ferghana Oil Fields (Ltd.), with a capital of £499,054, which was a member of the MacDonald concern. Its annual productivity ranged between 1,500,000 and 2,000,000 poods.

In the Chatma district (Tiflis Government) was the Russian Oil Lands (Ltd.), with a capital of £200,000, while in the Naftalan district (Elizabethpol Government, Caucasus) there operated the South Caucasian Syndicate (Ltd.), incorporated in 1912. This company was a member of the Russian General Oil Corporation.

Five British companies opened operations between 1910 and 1912 in the Taman-Kertch district (Crimea), with an aggregate capitalization of £919,693, but up to 1915 no results had been achieved by them. Their capital, therefore, hardly represented any tangible assets at the outbreak of the revolution, and for this reason is not included in the calculations of British properties nationalized by the Soviets. The same statement applies to the Kazan Oil Fields (Ltd.), in the Kazan Government, organized in September, 1913, with a capital of £250,000; of this amount only £80,000 had been paid up at the beginning of 1915.

In addition to petroleum-producing corporations, British capital was invested in the following concerns directly connected with the petroleum industry: The Storage and Trading Corporation "Mazut,"



capitalized at 12,000,000 rubles, of which about 5,000,000 represented British capital; the Tank Storage & Carriage Co. (Ltd.), a British concern with a capital of 50,000 rubles; the Maikop Pipe Line & Transport Co. (Ltd.), a British concern with a capital of £3,947,400 and debentures to the amount of 1,633,700 rubles—all held by the British; and three refineries, the V. Ropps, the Vacuum Oil Co., and the Maikop Refineries Corporation (Ltd.), with a total stock capitalization of 20,072,400 rubles, of which about 50 per cent was British.

Thus, the sum total of British capital invested in the petroleum and allied industries is estimated at 183,295,400 rubles. The majority of the companies were consolidated into several large combines, which in their turn were interlinked with one another and with the Nobel group by community of interests.

#### COPPER, GOLD, AND SILVER-LEAD MINING AND TEXTILE INDUSTRIES.

*Copper.*—Next in importance, according to the proportion of British capital investments, was the copper industry of Russia. Only five British companies were engaged in that industry prior to the war, but their combined output amounted to more than half of the entire copper production in Russia. Three of these companies operated in the Urals, one in the Caucasus, and one in Siberia. The three in the Urals—all Russian companies owned outright by British concerns that were incorporated under a similar designation—had a combined capitalization of 40,810,400 rubles, distributed as follows: (1) The Kishtym Corporation (Ltd.), with a total capitalization of 28,810,400 rubles, comprising stock to the amount of 16,000,000 and bonds for 12,810,400 rubles; (2) the Sissert Co. (Ltd.), with total stock capital of 6,000,000 rubles; (3) the Tanalyk Corporation, with total stock capital of 6,000,000 rubles.

*Gold.*—Seven British companies were engaged in the gold-mining industry, of which six, with a total capitalization of £2,035,000, were purely British concerns. The largest gold-mining company in Russia—the Lena Gold Mining Corporation, whose output exceeded 700 poods of pure gold annually—was a Russian corporation capitalized at 16,500,000 rubles, of which amount no less than 10,500,000 rubles were held by a British concern, the Lena Gold Fields (Ltd.), at the beginning of 1917. The output by the British-controlled enterprises in Russia amounted to about 25 per cent of the total production of gold in Russia.

*Silver-lead.*—Three companies controlled by British capital were engaged in the silver-lead industry, namely: (1) The Ridder Mining Corporation, capitalized at 16,000,000 rubles; (2) the Kirghiz Mining Corporation, capitalized at 8,500,000 rubles; (3) the Russian Mining Corporation, with a capital of 350,000 rubles.

The first two of these companies were founded and financed by the Russo-Asiatic Corporation (Ltd.), and were closely connected with the Kishtym and the Tanalyk Corporations. At the beginning of the Russian revolution their silver-lead mining enterprises had barely passed the construction and organizing stage. Their activities were designed on such a big scale, however, that, in the words of P. V. Aull, of the Soviet Institute of Economic Research, "from the moment of the commencement of operations by these two enterprises the



silver-lead industry of Russia would find itself in the hands of British capital, since the productivity of all the other enterprises would be completely lost alongside the volume of production of these two concerns."

British capital further participated to some extent in the ore-mining and metallurgical industries in the Urals and in the south, but in no great proportion.

*Textile industry.*—In the textile industry British capital virtually monopolized the production of thread. Of the four Russian thread mills, capitalized at 34,600,000 rubles, not less than 27,820,000 rubles represented British capital that was controlled mostly by the internationally known firm of J. & P. Coates. The same firm was concerned also in the cotton-spinning industry, through a controlling share in the Nevski Cotton Spinning Mills.

British capital was therefore chiefly interested in the Russian petroleum, copper, and silver-lead industries, and in the manufacture of thread.

### BELGIAN CAPITAL.

The recapitulation of Belgian investments, as given by the Russian Institute of Economic Research, appears below:

Field of investment of Belgian capital.	Enterprises.	Capital.			Per cent of total.
		Stocks.	Bonds.	Total.	
Mining and metallurgical, including petroleum.....	28	<i>Rubles.</i> 97,025,800	<i>Rubles.</i> 19,908,400	<i>Rubles.</i> 116,934,200	36.4
Municipal enterprises.....	29	62,571,100	46,493,800	109,064,900	33.9
Metals and machinery.....	20	30,714,700	16,516,600	47,231,300	14.7
Mineral products <sup>1</sup> .....	11	10,839,200	636,000	11,475,200	3.5
Chemical.....	5	8,687,600	2,518,600	11,206,200	3.5
Rolling stock (sleeping cars).....	1	10,500,000	.....	10,500,000	3.4
Textile.....	6	8,805,600	558,000	9,363,600	2.9
Financial.....	2	2,500,000	.....	2,500,000	.8
Animal products.....	2	1,950,000	.....	1,950,000	.6
Manufactured foods, beverages, and tobacco.....	2	738,700	.....	738,700	.2
Cork manufacture.....	1	327,500	310,500	636,000	.2
Total.....	107	234,660,200	86,941,900	321,602,100	100.0

<sup>1</sup> Corresponds in part to Belgian classification of structural and refractory materials and glass.

The committee for the protection of Belgian interests in Russia was formed at Paris shortly after the Bolshevik revolution of November, 1917. In so far as found possible, this committee has established the value of Belgian investments in Russia. According to its secretary, Eugene Witmeur, the value of Belgian-Russian enterprises was determined and verified in various ways: (a) From their annual statements; (b) from their stock-exchange value of June–July, 1914; (c) from their nominal capital or from their last recorded dividend or interest payment capitalized at 5 per cent; (d) in the case of private enterprises publishing no statements, from their total recorded expenditures for equipment and purchase of concessions. The ruble values have been converted to gold francs at the fixed rate of 2.666 francs to the ruble, or 0.375 ruble to the franc.

The lists given hereafter, as compiled by the committee, include Russo-Belgian enterprises, incorporated under Belgian or Russian



law, in which the Belgian interest is predominant. It is assumed by the committee that any error made possible through not taking account of the holdings of other nationals in these enterprises is compensated by omitting from consideration the Belgian investments in non-Belgian enterprises in Russia.

On the other hand, the data compiled by the Russians take into account only those Belgian or Russian corporations whose statements were made public, either by statute requirement or in accordance with their own by-laws.

Belgian investments in Russian industrial enterprises are classified by the Belgian committee as follows:

Field of investment of Belgian capital.	Enterprises.	Francs.	Rubles.
Mining and metallurgical.....	37	1,160,000,000	435,000,000
Petroleum.....	3	113,000,000	42,375,000
Municipal enterprises.....	43	582,000,000	218,250,000
Metals and machinery.....	16	142,000,000	53,250,000
Structural and refractory materials.....	11	38,000,000	14,250,000
Chemical.....	4	107,000,000	40,125,000
Textile.....	7	73,000,000	27,375,000
Glass.....	4	68,000,000	25,500,000
Miscellaneous.....	36	67,000,000	25,125,000
Total.....	161	2,350,000,000	881,250,000

The totals as given by the Russian and by the Belgian sources are fairly close in their accord; but there are considerable disparities in details, of which the following are most important:

1. Out of the 161 concerns indicated in the Belgian recapitulation only 67 are designated by name, with more or less specific details of capitalization. Of the latter, all save two are accounted for in the Russian document.

2. The Russian list comprises also 42 enterprises about which full details are given—some of considerable magnitude—not specifically designated in the Belgian list.

3. The Belgian list of 67 specifically designated concerns includes 16 that are located in Poland, Latvia, Lithuania, Bessarabia, and Finland, and therefore not properly subjects of claim against Russia.

4. In addition to the total 67 concerns specifically named in the Belgian list, there are also presented the claims of those Belgians participating in four foreign concerns—the Russian General Oil Corporation and three French corporations.

5. The Russian list comprises 13 enterprises whose property was in territory not controlled by the Bolshevist Government, giving their total capitalization at 9,989,700 rubles.

6. There are at least two instances of duplication in the Belgian list, where both the parent Belgian concern and the Russian company incorporated by it present identical claims covering the same enterprise.

7. There is frequent disparity in the amounts of capitalization of enterprises referred to in the two compilations. While in the Russian documents the amounts of capital stock and debentures are always given separately and with precision, frequent reference is found in the Belgian list to “founders’ shares without nominal value,” and “shares without definite value.”



## MINING AND METALLURGICAL INDUSTRIES.

*Metallurgical.*—According to the Russian data, the leading place among the Belgian enterprises classified under “mining and metallurgical” was occupied by 12 metallurgical concerns capitalized at 74,190,000 rubles, or 21.1 per cent. of the total Belgian industrial investments in Russia.

Of these 12 concerns 10 were located in the south, 1 in the black-soil belt, and 1 in Poland. Four of the former were Belgian corporations, with invested capital as follows:

[In francs; 1 franc=\$0.193 or 0.375 ruble.]

Belgian metallurgical concerns operating in South Russia.	Stocks.	Bonds.	Total capital.
S. A. Providence Russe à Marioupol.....	38,993,000	5,910,400	44,903,400
S. A. Sous la Denomination de Tôleries de Constantinovka.....	10,000,000	1,218,400	11,218,400
S. A. Hauts Fourneaux et Usines de l'Obovnaia à Ouspensk.....	5,000,000	.....	5,000,000
S. A. Minière et Métallurgique de Tambov.....	16,418,000	.....	16,418,000
Total, in francs.....	70,411,000	7,128,800	77,539,800
Total, in rubles.....	26,410,700	2,674,000	29,084,700

According to the Belgian summary, all shares of the first-mentioned concern (95,986 preferred and 30,000 founders' shares) were without nominal value; the capitalization of the second is stated to be 10,000,000 francs in preferred stock and 2,500,000 in founders' shares; of the third, 5,000,000 francs and 5,000 founders' shares; of the fourth, 16,500,000 francs and 64,000 common-stock shares without nominal value.

Belgian capital further participated, conjointly with the French, in seven Russian metallurgical concerns, already dealt with under the heading “French capital” (p. 9).

*Coal mining.*—Coal-mining enterprises financed by Belgian capital were next in importance. Of these, eight were located in Russia and were capitalized at 24,000,000 rubles; one, capitalized at 500,000 rubles, was in Poland. Five of the former were Belgian corporations, with the following capital investments:

[In francs: 1 franc=\$0.193 or 0.375 ruble.]

Belgian coal-mining concerns operating in Russia.	Stocks.	Bonds.	Total capital.
S. A. Houillère d'Irmino (Donetz).....	5,000,000	2,572,600	7,572,600
S. A. Charbonnages, Mines et Usines de Gossoudarieff Bairak.....	4,800,000	.....	4,800,000
S. A. Minière et Industrielle Bielaya.....	7,240,000	6,010,900	13,250,900
S. A. Charbonnages Prokhorov Donetz.....	8,000,000	.....	8,000,000
S. A. Charbonnages de Pobedenko.....	2,350,000	292,000	2,642,000
Total, in francs.....	27,390,000	8,875,500	36,265,500
Total, in rubles.....	10,273,800	3,329,200	13,603,000

French capital to the extent of approximately 3,300,000 francs (1,238,000 rubles) participated in the last two above-named concerns, as stated under the heading “French capital” (pp. 11, 12), leaving total Belgian interests amounting to 9,000,000 rubles of stock and 3,365,000 rubles of outstanding debentures, or a total of 12,365,000 rubles.



Belgian capital further figured prominently in the Coal Mining and Metallurgical Corporation of the Ouspensk Basin (in the Donetz region), capitalized at 4,500,000 rubles, with Belgians holding no less than 4,000,000 rubles in addition to the outstanding debentures amounting to 1,642,900 rubles.

Likewise, Belgian capital held a controlling interest in the United Collieries of Petro-Marievka and Varvaropol. According to the Belgian summary, the capital of this concern is given as 4,500,000 rubles, in 45,000 shares of 100 rubles par, with the statement that the company was acquired in 1912 for 21,000 shares in the new corporation. The shares of the United Collieries were not quoted at Brussels, but 8 out of 11 members of the board, including the chairman, were Belgians; Belgian participation was estimated at no less than 3,200,000 rubles, besides outstanding debentures of 1,551,800 rubles held entirely by the Belgians.

#### MINERAL, GLASS, AND MUNICIPAL ENTERPRISES.

*Petroleum.*—One concern, the Société Anonyme Pétroles de Grozny, was engaged in petroleum production in the Grozny district, operating through the Russian company I. A. Akhverdov—a company capitalized at 8,812,500 rubles, of which about 2,000,000 were held by French interests.

*Gold mining.*—Of the three gold-mining enterprises listed, only one was a Belgian corporation—the Société Anonyme des Mines d'Or du Catchkar—with a capital of 9,500,000 francs. It is estimated, however, that considerably more than one-half the capital stock of this company was held by French interests. The other two concerns were Russian corporations, with Belgian interests amounting to 2,000,000 rubles out of 11,250,000 rubles capitalization, and to 1,500,000 rubles out of 3,000,000 rubles capitalization, respectively.

*Plate glass.*—Under “mineral products industry” special mention must be made of the plate-glass industry, which was entirely monopolized by Belgian interests. The three companies enumerated in both the Belgian and Russian lists are: Verreries du Donetz en Santourinovka, S. A.; Compagnie des Glaces du Midi de la Russie, S. A.; and Société Belgo-Russe pour la Fabrication des Glaces.

The Belgian list gives the capitalization of the first-named concern at 17,800,000 francs, in addition to 2,000 founders' shares without nominal value; of the second, 12,000,000 francs; no data are given about the third concern; the total investment is given at 68,000,000 francs.

The Russian list states the capitalization of the first concern as 8,800,000 francs in stock and 701,000 francs in debentures; of the second, 6,000,000 francs; of the third (a Russian corporation), 1,218,750 rubles in stock and 372,750 rubles in bonds; the total for the three concerns, 19,743,900 francs.

*Municipal traction and electric power.*—An important and distinct field of Belgian capital investments in Russia was the municipal public-service enterprises. Belgian capital built and in some cases operated electric traction, light, and power systems in Petrograd, Odessa, Kazan, Saratof, Rostof, Simferopol, Vladicaucase, Bialystok, and Radom (the last two in present Poland); traction systems in Moscow, Kief, Kursk, Orel, Astrakhan, Ekaterinoslav, Kharkof,



Tashkent, Tiflis, Ekaterinodar, Sebastopol, Yaroslav, Krementchug, Riga, Warsaw, Reval, and Kishinef (the last four in succession States); municipal electric light and power plants at Imatra (in Finland, for the Petrograd power supply), Kovno, Czenstochowa and Kilozavar (all outside of Soviet territory); also the telephone system of Odessa.

According to the Belgian summary, not fully itemized, the total Belgian capital invested in the above enterprises amounted to 582,000,000 gold francs, while the specific calculation of the Institute of Economic Research, eliminating a number of enterprises situated outside of the territory of Soviet Russia, gives the total capitalization at 290,767,300 francs.

It was stated in a report presented by Eugene Witmeur for the Belgian delegation to the Genoa conference that bank deposits for the credit of accounts current of Belgian subjects and corporations prior to the revolution were estimated at 193,000,000 francs; cash in private safes, at 87,000,000 francs; commercial debts outstanding, at 125,000,000 francs; or a total of 405,000,000 francs. Personal property left in Russia by departing families was valued at 105,000,000 francs.

### AMERICAN CAPITAL.

American investments in Russia presented a strong contrast with those of European nations. Investments by American nationals in industrial securities, railroad stocks, or those of small enterprises, especially on a partial scale, are practically absent; small individual holdings of Russian industrial securities are likewise negligible. Half a dozen large American concerns hold practically all of American claims against Soviet Russia. All of the American capital was, with but two exceptions, invested in enterprises of trade, finance, or insurance.

*Manufacturing concerns.*—The Russian summary itemizes 10 American enterprises, with total investment of 117,750,000 rubles. Of these, two were manufacturing concerns—the International Harvester Co., with a stock capital of 60,450,000 rubles (\$31,000,000), and the Otis Elevator Co., capitalized in Russia at 500,000 rubles.

*Trading companies.*—Of the concerns engaged in commerce and insurance the Singer Manufacturing Co., with a stock capital of 50,000,000 rubles, and the Russian Babcock & Wilcox Corporation, capitalized at 500,000 rubles, represented branches of these well-known American concerns. American capital controlled almost completely three other Russian trading corporations: The Russian-American Trade and Industrial Corporation, with a stock capital of 3,000,000 rubles; the J. Black Co., stock capital of 1,000,000 rubles; and the Russian-American Rato Corporation, of 1,000,000 rubles stock capital. The participation of American capital in the first-mentioned concern was estimated at not less than 2,500,000 rubles; in the second and third, 800,000 rubles each.

American capital was further largely interested in the Russian Vacuum Oil Co., capitalized at 2,400,000 rubles. The direct American holdings in this concern, represented by the National City Bank of New York, were estimated at 50 per cent, or 1,200,000 rubles.

*Insurance companies.*—The New York Life Insurance Society and the Equitable Life Assurance Society of the United States were



represented in Russia by corporations operating under Russian statutes, which were required by law to deposit certain minimum funds (500,000 rubles each) with the Russian State Bank by way of guaranty to policyholders.

### FOREIGN PARTICIPATION IN RAILROAD ENTERPRISE.

To complete the extent of Russian indebtedness to foreign enterprise invested in stock and share companies that were subject to public accountancy, there must be added stocks of railroads, notwithstanding the fact that their balance sheets are not published; the bonds of private Russian railroad companies, being guaranteed by the Government, will come under the head of national debt, as would, of course, the bonds issued for State railroads.

The amount of foreign capital invested in the stock of Russian railroad companies is estimated by the Soviet Institute of Economic Research at 27,500,000 rubles. Deducting the stock of the Gerby-Kelce Railroad Co., which went over to Poland (capitalized at 2,352,000 rubles, in which German capital was interested to the extent of about 1,000,000 rubles), the amount of foreign investment in railroad enterprise that was actually expropriated is about 25,150,000 rubles. Of the total 27,500,000 rubles of foreign capital invested in railroad stock, French capital was represented by 21,500,000 rubles; German, by 3,000,000; British, by 2,000,000; and Dutch, by 1,000,000.

The segregation of these railroad stocks of the Russian companies from the other railroad obligations of Russia does not appear quite clear. The statement of the author, P. V. Aull, of the Institute of Economic Research, is at variance in this respect with that of the Bolshevist economist, Arsky, in his detailed analysis published in the Moscow Communist organ "Pravda" (December 1, 1921), in which stocks of the railroad companies referred to by the former author are included under the head of guaranteed securities. Neither is such a distinction drawn by the anti-Soviet writers.

According to G. A. Pavlovsky, F. S. S., of Great Britain (in Russian Economist, London, September-October, 1920), Government guaranties were given on the debenture stock of 22 railroad companies, to the total amount of 1,741,490,000 rubles, and on the share capital of four companies, amounting to 30,063,000 rubles. In 1916 a guaranty was given to the amount of 350,000,000 rubles, thus raising the total of guaranteed railroad loans to 2,121,553,000 rubles. Of this total amount of railroad loans, a little over 40 per cent, or 870,000,000 rubles gold, according to calculations of the same author, were held abroad. The holdings of British investors in this kind of security amounted to about 133,500,000 rubles; the French holdings, according to the report of the general commission for the protection of French interests in Russia, amounted to 653,200,000 rubles; the Belgian holdings, according to the Belgian Reparations Commission, were about 38,600,000 rubles.























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